



**An important message to Alternative Dispute
Resolution claimants about Prudential's demutualization**
Obtaining insurance or annuity coverage may permit you
to receive compensation if Prudential demutualizes.
Action needed by Month XX, 2001.

Month XX, 2001

Dear _____ :

Recently, Prudential's Board of Directors adopted a plan to convert Prudential from a mutual life insurance company (owned 100% by its policyholders) to a stock life insurance company (owned 100% by its shareholders) through a process known as demutualization. If the Plan is approved by Prudential policyholders and the Commissioner of the New Jersey Department of Banking and Insurance, Prudential intends to follow through with demutualization. If Prudential does demutualize, the full value of the company will be distributed to eligible policyholders in the form of stock, cash or policy credits.

**We've sent you this package to explain how demutualization will affect you as an
ADR claimant, and to determine your interest in obtaining insurance or annuity coverage
which may permit you to receive compensation upon demutualization.**

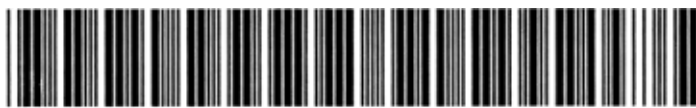
You may recall that, in April 1998, we sent all Alternative Dispute Resolution (ADR) claimants a notice about demutualization. In it we assured you that, if Prudential demutualizes, you would not be disadvantaged by the ADR relief choice(s) you made. We also promised to inform you if the company decided to pursue demutualization. You now have the opportunity to reconsider your previous ADR relief selection(s) and obtain coverage that may entitle you to receive stock, cash or policy credits upon demutualization.

**NOTE: This will be the only notice you will receive to obtain your coverage. If you decide
not to obtain coverage, any form of ADR relief you previously chose will be unaffected,
and you will not receive the compensation with respect to the policy below described
in the attachment to this letter.**

**Our records indicate that you will have choices to obtain coverage with respect to the
following ADR claim(s).**

ADR CLAIM NUMBER	POLICY NUMBER
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For each claim listed above, you will find a separate attachment describing your coverage option(s), any costs or payments associated with the option(s), and an estimate of the compensation you will receive if you obtain coverage and Prudential demutualizes. The *cost* of obtaining coverage includes the money you may have received under your prior ADR form(s) of relief, plus interest and any premiums (including interest) that would have been due if the contract had been in effect from the ADR relief date until Prudential demutualizes. In some cases, the cost of obtaining coverage may actually be offset by payments that Prudential owes you in connection with that relief option. This means that one or more of



the relief options shown has no out-of-pocket cost to you, and may result in a payment to you. Options that result in a *payment* to you are indicated on the attachment as a cost with a negative (minus) sign.

Your *compensation* will be paid in the form of stock, or an equivalent value in cash or policy credits. You should read the attachment(s) and other enclosed materials carefully, and consider your personal need for coverage, before making your decision to obtain coverage.

If you are interested in obtaining coverage, you must complete and return the attached *Selection Form(s)* by Month XX, 2000.

For each of your claims, you must complete a separate *Selection Form*. Do not send any money now. If you return a *Selection Form*, we will send you a confirmation after our policyholders vote favorably on the plan to demutualize. If you have chosen an option that requires a payment from you, a bill will be included. If you have chosen a negative cost option (resulting in a payment from Prudential to you), further instructions on this option will be sent to you after the policyholder vote.

When you receive your confirmation, you may complete your transaction by returning the *Confirmation Form* included in that mailing along with any payment that may be required. Or you may choose not to obtain coverage, thereby retaining your previous ADR form(s) of relief which will be unaffected by demutualization.

If you are NOT interested in obtaining coverage, there is no need to take any action.

If, after reading the enclosed materials, you decide not to obtain coverage, you may disregard this mailing. Your previous ADR form(s) of relief will remain in effect, unaffected by demutualization. You will not receive the compensation indicated on the separate attachment(s) as a result of demutualization.

Your coverage will take effect only if and when Prudential demutualizes.

If the company does demutualize, we will put your selected coverage into effect and distribute stock (or equivalent value in cash or policy credits) as shown on the attachment(s). If the insured under any life insurance to be obtained has already died or dies prior to the time we receive your completed *Confirmation Form(s)* (and any required payments), you will not be eligible to obtain your coverage. If the insured under any life insurance coverage selected should die between the time we receive your completed *Confirmation Form(s)* (and any required payments) and the date that we demutualize, Prudential will retain that money and pay the death benefit associated with that coverage. Please call the telephone number below if the insured dies during this period.

If Prudential does NOT demutualize, you will not be permitted to obtain your coverage.

Any payments you send us will be returned with interest. However, if the insured under any life insurance coverage selected should die before we return any payments we receive, Prudential will retain that money and pay the death benefit associated with the coverage you intended to obtain. Please call the telephone number below if the insured dies during this period.

If you have any questions concerning demutualization, please call us toll-free.

You can reach us at x-xxx-xxx-xxxx (TDD x-xxx-xxx-xxxx) weekdays from 8 a.m. to 9 p.m. (EDT). Please have your policy number available, and one of our representatives will be happy to assist you.



**Keep this information
for your records**

ADR claim number Insured

Policy number Policyholder(s)

Your relief option(s)	How much they cost	Your compensation (Shown in shares of stock*)
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*The number of shares shown is an estimate in addition to any shares you may receive in connection with other eligible policies you may own. Information on those policies should have come in a separate mailing if you already own one or more eligible policies. Please see the information below under “Your compensation” for an estimated range of the initial trading price of the stock.

**This option DOES NOT require a payment from you to Prudential. The cost above is shown with a negative (minus) sign because under this option, Prudential will make a payment to you if you choose this option and Prudential demutualizes. Please note, this amount is generally reported to the IRS as income to you and may be subject to backup withholding.

Your relief option(s).

Depending on your situation and the ADR relief selections you made, the table above may indicate one or more different options to obtain coverage. You may choose one of these options.

How much they cost.

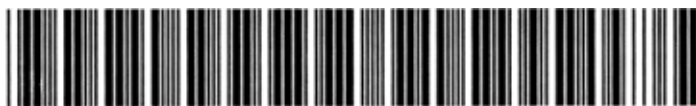
At least one of your options does not require a payment from you, or may actually result in a payment from Prudential to you. For options that do require a payment, a positive dollar figure is shown. This amount includes:

- repayment of any money you may have received at the time you chose your ADR relief;
- interest on the ADR relief amount; and
- premiums (including interest) that would have been due if this contract had been in effect from the ADR relief date until Prudential demutualizes.

The cost or payment to you in obtaining coverage could change. The amount indicated is based on a demutualization date on or before Month XX, 2001, and does not include interest or premiums that could be due prior to a later demutualization effective date. If Prudential demutualizes after this date, and you have expressed interest in obtaining your coverage, you will be notified of any change in the cost or payment. It is possible that such a change may result in a cost to you, even if there would have been no such cost to you if the demutualization effective date had been on or before Month XX, 2001. You will still have the opportunity to change your mind and NOT obtain your coverage. *Please do not send any money at this time.*

Your compensation.

If Prudential demutualizes, all eligible policyholders will receive ## shares, or equivalent value in cash or policy credits, regardless of the number of policies they own. In addition, you will be entitled to the “variable number of shares” indicated on the table above if you obtain this coverage. The total number of



shares of stock you receive can be different, depending on whether or not you own other eligible Prudential policies. Additional value will be allocated to policyholders who receive compensation in cash or policy credits. The range of shares of stock shown above does not include such additional compensation. For more information, please see descriptions of the Additional Fixed Component, Additional Variable Component, and Determination of Amount of Non-Stock Consideration in the enclosed *Policyholder Information Booklet*.

To determine your total estimated compensation:

If you do not own any other eligible policies add the ## fixed number of shares to the number of shares listed above.

If you own other eligible policies you should have received a separate mailing indicating the estimated number of shares (including the ## fixed number of shares allocated to every policyholder) you may receive for those policies. Add that number to the number of shares listed above.

Prudential expects the initial trading price of its stock could be in the range of \$## to \$## per share. However, that number (and therefore the value of any compensation you may receive) could vary depending on market conditions at the time Prudential demutualizes.

Please note, your actual compensation may not necessarily come in the form of stock. You may receive cash or policy credits of equivalent value. This is explained further in the enclosed *Policyholder Information Booklet, Part 1*.

Special tax considerations.

In some cases, the life insurance policy you obtain under your relief options will be classified as a modified endowment contract (MEC) under the tax law. Policies that are MECs receive less favorable tax treatment than policies that are not MECs. If your life insurance policy is classified as a MEC, distributions (including loans), surrenders, pledges, ownership changes, any assignments used as collateral for a loan, withdrawals or dividends taken in cash from the policy or left to accumulate are taxable income to the extent that the policy's cash value (before any surrender charges) exceeds the policy's cost basis. This taxable income may also be subject to a penalty of 10 percent unless it is distributed to you on or after age 59½. At the time you will be asked to confirm your selection, we will inform you if the policy to be obtained will be classified as a MEC. At that time, you will be able to change your decision to obtain it. For further information, consult your tax advisor.

More information is available in the enclosed *Policyholder Information Booklets, Parts 1 & 2*.

These booklets contain detailed information about Prudential's plan to demutualize, including the tax treatment of compensation paid to policyholders, financial statements and estimates of the anticipated range of initial trading prices of Prudential stock.

This information has been sent to all eligible policyholders, along with a series of reply cards (referenced in the enclosed booklets) which will be used to (1) vote on Prudential's demutualization plan, (2) certify taxpayer identification number, (3) determine the form of compensation and (4) provide a policyholder record. *These reply cards are not included in this mailing either because they do not currently apply, or because the information that does apply is provided to you elsewhere.*

If you decide to obtain coverage, any information on these cards that applies to you will be sent if and when Prudential's policyholders vote in favor of demutualization. Please note, *if the coverage you are obtaining is the only coverage for which you will receive compensation, you will not be eligible to vote on the plan to demutualize.* You are eligible to vote on Prudential's demutualization plan only if you owned a policy that qualified you to vote and was in effect at the time the plan was adopted by Prudential's Board of Directors. If you owned such a policy, you should have already received a complete set of reply cards in a separate mailing.



**Selection Form for
ADR Claimants**

ADR claim number

Insured

Policy number

Policyholder(s)

Please complete and return this form by Month XX, 2001 *only* if you are interested in changing your relief by indicating your selection(s) below. Returning this form does not obligate you to implement the change in the form of relief you select.

Your relief option(s).

Choose (one of) the following form(s) of relief by checking the appropriate box.

☐
☐

I have read the enclosed materials. I make the above selection if Prudential proceeds with demutualization. I am not being asked to make any payment now. I will still have the opportunity to change my mind and not implement this selection after Prudential's policyholders vote on the plan to demutualize. If I choose to proceed and implement this selection after Prudential's policyholders vote on the plan to demutualize, I am limited to the form of relief I have selected above. All owners and those with ownership interests in the above policy have signed below.

Policyholder Signature

Date

Additional Signature

Date

Additional Signature

Date

Additional Signature

Date

Phone Number & Preferred Time/Day To Call (Mon – Fri)

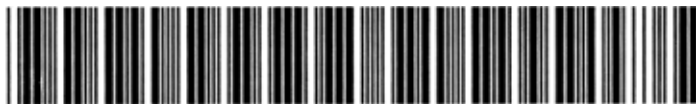
(Call x-xxx-xxx-xxxx if you need a form with additional signature lines. TDD x-xxx-xxx-xxxx.)

Change of policyholder information.

If the policy information above is incorrect, please enter any changes below.

05796115VL000002





Change of address request.

Please enter any changes to the policyholder's address below.

<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>
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Address

<i>City</i>	<i>State</i>	<i>Zip Code</i>
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